14

Supreme Court, U. S.
FILED
NOV 27 1953
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1953

No. 485

FOOD FAIR STORES, INC., *Petitioner,*

v.

SQUARE DEAL MARKET COMPANY, INC., *Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

H. DOUGLAS WEAVER,
DONALD E. VAN KOUGHNET,
Counsel for Petitioner.

PRESS OF BYRON S. ADAMS, WASHINGTON, D. C.

INDEX

	Page
Opinions below	1
Jurisdiction	2
Questions presented	2
Statement	2
Reasons for granting the writ	4
Conclusion	8

CITATIONS

CASES:

Food Fair Stores, Inc. v. *Food Fair, Inc.*, 177 F. 2d 177 ..... 4, 5, 6

Food Fair Stores, Inc. v. *Square Deal Market Co., Inc.*, 187 F. 2d 219 3

Food Fair Stores, Inc. v. *Square Deal Market Co., Inc.*, 206 F. 2d 482 4

Hanover Star Milling Co. v. *Metcalf*, 240 U. S. 403 ... 6

Katz Drug Co. v. *Katz*, 188 F. 2d 696 ..... 5, 6

Pecheur Lozenge Co., Inc. v. *National Candy Company, Inc.*, 315 U. S. 666..... 6

IN THE

Supreme Court of the United States

OCTOBER TERM, 1953

No.

FOOD FAIR STORES, INC., *Petitioner,*

v.

SQUARE DEAL MARKET COMPANY, INC., *Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

Food Fair Stores, Inc. prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the District of Columbia Circuit, entered in the above-entitled case on July 2, 1953.

OPINIONS BELOW

The opinion of the District Court (R. 47-55) is reported in 109 F. Supp. 637. The opinion of the Circuit Court of Appeals is reported in 206 F. 2d 482, and appears in the record at page 397.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on July 2, 1953. The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254 (1). On September 21, 1953, Mr. Justice Clark extended the time to file this petition until November 27, 1953. (R.).

QUESTIONS PRESENTED

Whether in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in a marketing area that consists of portions of three jurisdictions, the rights of the parties in each jurisdiction may be determined with reference to the law of only one of such jurisdictions.

Whether in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in the marketing area of a jurisdiction in which both parties are using such name, the junior adopter of such name is entitled to the exclusive use thereof.

STATEMENT

Food Fair Stores, Inc., a Pennsylvania corporation, filed an amended and supplemental complaint in an unfair competition suit against Square Deal Market Co., Inc., a Delaware corporation, on April 2, 1951, in the United States District Court for the District of Columbia. (R. 34-38). In this suit each party claimed a superior right to the exclusive use of the trade name "Food Fair" in the operation of retail grocery stores in the District of Columbia and adjoining portions of the State of Maryland and the State of Virginia. (R. 6-10, 34-38).

The petitioner opened its first "Food Fair" store in the City of Baltimore, State of Maryland, in 1935. (R. 47). Thereafter, it opened and operated approximately 151 other such stores in the states of Pennsylvania, New Jersey, Maryland, Delaware and New York. (R. 47). The peti-

tioner opened its first store in Prince George's County, State of Maryland, in 1947, and another store in the same county in 1951. The respondent opened its first "Food Fair" store in 1936 in the District of Columbia. (R. 48). It opened its first "Food Fair" store in the State of Maryland in 1950, in Montgomery County, and another such store in the State of Maryland in 1951, in Prince George's County. After the respondent opened its first Maryland store, the petitioner filed a similar suit in the United States District Court for the District of Maryland. The respondent moved in the court below to restrain the petitioner from proceeding with the Maryland suit. The motion was granted and on appeal was affirmed by the court below. *Food Fair Stores, Inc.* v. *Square Deal Market Co., Inc.*, 187 F. 2d 219.

The District Court held that the respondent did not intentionally or otherwise usurp the trade name "Food Fair" in the District of Columbia and that the respondent was entitled to the exclusive use of this trade name in the Washington, D. C. Metropolitan area. (R. 48, 54). This area was defined to include the District of Columbia; the following counties in the State of Maryland: Prince George's County, Montgomery County and Charles County; and the following counties in the State of Virginia: Arlington County, Fairfax County, Loudoun County and Prince William County. (R. 54).

The District Court enjoined the petitioner "from using or causing to be used in any manner, including advertising by newspapers, circulars, radio, television, or display, the name 'Food Fair' as a title, trade name or on or associated with merchandise sold or offered for sale by any of the aforesaid corporations or persons in the conduct or management of any business within the confines of the Washington, D. C. Metropolitan area . . ." (R. 54). The court below affirmed the judgment of the District Court.

REASONS FOR GRANTING THE WRIT

1. The decision of the court below is in conflict with a decision of the United States Court of Appeals for the First Circuit in *Food Fair Stores, Inc.* v. *Food Fair, Inc.*, 177 F. 2d 177. The court below proceeded on the principle that in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in a marketing area consisting of portions of three jurisdictions, the rights of the parties in each jurisdiction may be determined with reference to the law of only one of such jurisdictions.

The marketing area before the court below was the "Washington, D. C. Metropolitan area," which consisted of the District of Columbia and specified surrounding counties in the State of Maryland and the State of Virginia. The court below treated this marketing area as a single unit for the purpose of decision, notwithstanding the fact that the parties treated this area only as a convenient designation of the portions of three jurisdictions in each of which the parties each claimed the exclusive right to use the trade name "Food Fair."

The court below affirmed the judgment of the District Court solely with reference to the law of the District of Columbia, without giving consideration either to the law of the State of Maryland or to the law of the State of Virginia. The court below stated as follows:

> This [treating portions of the three jurisdictions as a single unit] accords with the economic reality of the situation, which we think must be controlling in the present context. Realistically, it is clear that the secondary meaning of the words "Food Fair" must be the same in the Maryland and Virginia counties adjacent to the District of Columbia as it is in the District itself . . . . *Food Fair Stores, Inc.* v. *Square Deal Market Co., Inc.*, 206 F. 2d 482, 485.

In *Food Fair Stores, Inc.* v. *Food Fair, Inc.*, 177 F. 2d 177, the First Circuit Court of Appeals, in deciding an unfair competition suit brought by this very petitioner with reference to the use of the same trade name in a marketing area consisting of the Commonwealth of Massachusetts, decided the case on the basis of an applicable Massachusetts statute. The First Circuit Court of Appeals stated as follows:

> The parties agree, and it seems to us clear, as it seemed to the court below, that Massachusetts law governs. *Food Fair Stores, Inc.* v. *Food Fair, Inc.*, 177 F. 2d 177, 184.

The First Circuit Court of Appeals proceeded on the principle that in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in a marketing area, the rights of the parties must be determined with reference to the law of the jurisdiction in which the alleged unfair competition occurred.

2. The decision of the court below is also in conflict with the decision of the United States Court of Appeals for the Eighth Circuit in *Katz Drug Co.* v. *Katz*, 188 F. 2d 696. In that case, the Eighth Circuit Court of Appeals, in deciding an unfair competition suit to determine which of the parties had the exclusive right to the use of a trade name in a marketing area consisting of the City of St. Louis, State of Missouri, recognized that the law to be applied was the law of the State of Missouri. The Eighth Circuit Court of Appeals stated as follows:

> . . . the court [the District Court] recognized that the law applicable was that of Missouri but as it found no Missouri state decision controlling the particular facts it rested decision on consideration of the federal cases, including those in the Supreme Court and in this court. *Katz Drug Co.* v. *Katz*, 188 F. 2d 696, 698.

The Eighth Circuit Court of Appeals looked to and applied the principles of Federal cases *only* after it found that there were no applicable decisions of the courts of the State of Missouri.

3. The decision of the First Circuit Court of Appeals in *Food Fair Stores, Inc.* v. *Food Fair, Inc.*, 177 F. 2d 177, and of the Eighth Circuit Court of Appeals in *Katz Drug Co.* v. *Katz*, 188 F. 2d 696, correctly proceeded on the principle that in an unfair competition suit the right to the use of a trade name must be determined with reference to the law of the state in which the alleged unfair competition occurred. These decisions correctly proceeded on the additional principle that common law principles of general application may be looked to only if it affirmatively appears that there are no applicable state statutes or decisions. *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 411; *Pecheur Lozenge Co., Inc.* v. *National Candy Co., Inc.*, 315 U. S. 666, 667.

4. Even if the Court below had looked to the law of the State of Maryland and the law of the State of Virginia and had found no applicable state statutes or decisions in this unfair competition suit, the decision of the court below fails to give proper effect to common law principals of general application as approved by this court in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 415.

The decision of this court in the *Hanover* case makes clear that when parties are using the same trade name in the same marketing area, the senior adopter of such name is entitled to the exclusive use thereof in such marketing area. This court stated as follows:

> In fact, the common law of trade marks is but a part of the broader law of unfair competition. *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 413.
>
> In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 415.

The court below proceeded on the principle that when parties are using the same trade name in the same marketing area, the fact of prior appropriation of the trade name by one of the parties is legally irrelevant if the court is of the view that "the economic reality of the situation" (opinion of the court below at p. 485) requires treating such marketing area as part of a larger marketing area in another part of which the other party to the unfair competition suit was the senior adopter of the trade name. It was not controverted either in the District Court or in the court below that the petitioner in this case first used the trade name "Food Fair" in Prince George's County, State of Maryland, approximately four years before the respondent opened its first store in this county, and approximately three years before respondent opened its first store anywhere in the State of Maryland.

5. It is submitted that the decision of the court below will be a precedent for the continuous invasion of rights which depend for their very existence upon the laws of the several states. As the business enterprises of this Nation, both large and small, seek new markets, they should not be placed in jeopardy of losing state-created rights to resist unfair competition merely because they bring their goods and services into marketing areas comprising portions of two or more states. If the decision of the court below is permitted to stand, there would be few stronger deterrents to the growing productivity upon which the well-being and the future of this Nation depends. Equally as important as "the economic reality of the situation," as expressed by the court below, is the preservation of the fundamental concept of the sovereignty of the several states.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

H. DOUGLAS WEAVER,
DONALD E. VAN KOUGHNET,
Counsel for Petitioner.

November 27, 1953

Office - Supreme Court, U.
FILED
JAN 4 1954
HAROLD B. WILLEY, Cle

IN THE

Supreme Court of the United States

No. 485

FOOD FAIR STORES, INC., *Petitioner*,

v.

SQUARE DEAL MARKET COMPANY, INC., *Respondent*

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

BERNARD MARCOLIS
1000 Vermont Ave., N.W.
Washington, D. C.

JOSEPH B. DANELSKY
1406 G Street, N.W.
Washington, D. C.

CARLETON D. EDWARDS II
1000 Vermont Ave., N.W.
Washington, D. C.
Attorneys for Respondent

INDEX

	PAGE
Opinions Below	1
Jurisdiction	1
Questions Presented	2
Statement	2
Argument I	5
Argument II	9
Conclusion	13

Citations

Chapin Sacks Mfg. Co. v. Hendler Creamery Company, 254 Fed. 553	10, 11
Food Fair Stores Inc. v. Food Fair Inc., 177 F. 2nd 177	8
Food Fair Stores Inc. v. Square Deal Market Co. Inc. 187 F. 2d 219	4
Hanover Star Milling Co. v. Metcalf, 240 U.S. 403	7, 11
Hartman v. Cohn, 350 Pa. 41, 38 A 2d 22	11
Higgins v. Carr Brothers Co., 317 U.S. 572	8, 9
Jacobs v. Iodent Chemical Co., 41 F 2d. 637	10
Kafafian v. Spotless Stores of N.J., 141 N.J. Eq. 305, 57 A 2d 18	11
Katz Drug Co. v. Katz, 188 F 2d 696	8, 9
Kellogg Co. v. National Biscuit Co., 305 U.S. 111	7, 8
Skinner Manufacturing Co. v. General Foods Sales Co., 52 F. Supp. 432	8
Townsend v. Jemison, 48 U.S. (7 How.) 706	9
United States v. Shapiro, Inc. 202 F 2d 494	6
Virginian Railway Co. v. Mullens, 271 U.S. 220	6

QUESTIONS PRESENTED

1. Whether in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in a marketing area that consists of portions of three jurisdictions, the rights of the parties in each jurisdiction was determined with reference to the proper law.

2. Whether in an unfair competition suit to determine which of the parties has the exclusive right to the use of a trade name in the marketing area of a jurisdiction in which both parties are using such name, the junior adopter of such name is entitled to the exclusive use thereof under the facts as found to exist.

STATEMENT

The facts involved in this case are set forth in the opinions of the lower courts (R. 47-53, 397). Briefly stated they establish that petitioner operates a chain of supermarkets in seven states along the Atlantic seaboard. It opened its first store in Maryland in the latter part of 1935 under the name "Food Fair." Respondent, which operates a chain of food stores in the Washington metropolitan area, opened its first "Food Fair" store in the District of Columbia in the first part of 1936. Its first Maryland "Food Fair" store was opened in Montgomery County in 1950 and another was opened in Prince Georges County, Maryland, in 1951. (R. 398) Respondent also opened "Food Fair" stores in Virginia and concededly was the first to use the name in that State.

Subsequent to 1936 petitioner opened supermarkets in the Washington metropolitan area, although not in the District of Columbia itself. Its first store in the area was opened in nearby Virginia in 1946; a second store was opened in Prince Georges County, Maryland, in 1947, and

a third in the same County in 1951. Petitioner styled these stores in the Washington metropolitan area "Food Lane" rather than "Food Fair" in order to avoid confusion with the respondent's stores. (R. 398) Petitioner conceded in the courts below that use by it of the name "Food Fair" would create a definite confusion to the customer and although its policy was to open all of its stores under the name "Food Fair," when it expanded its chain from Baltimore to Prince Georges County, in the State of Maryland, it selected an entirely different name. (R. 97, 207, 208) Petitioner has never used the name "Food Fair" in the Washington metropolitan area as a trade name for its stores, its closest store by that name being in Baltimore, Maryland.

The principal witness for petitioner, its Executive Vice-President, testified that the City of Washington and the surrounding counties in Maryland and Virginia constituted one integrated community even though there may be a District line surrounding the District of Columbia. (R. 170-171)

Petitioner has never advertised in the newspapers of general circulation in the Washington metropolitan area. On the other hand respondent has expended large sums of money establishing its trade name and building up good will in the area by so advertising.

Petitioner originally invoked the jurisdiction of the District Court below by filing its complaint in that court seeking to enjoin respondent from the use of the name, although at the time it had no stores in the District of Columbia and respondent had none in the State of Maryland. When respondent opened its first store in Montgomery County, Maryland, petitioner filed an injunction suit in the United States District Court for Maryland. Respondent moved in the court below to restrain the petitioner from proceeding with the Maryland suit. The

motion was granted and on appeal was affirmed by the court below on the express finding that the issues involved in both cases were the same. *Food Fair Stores, Inc.* v. *Square Deal Market Co., Inc.*, 187 F. 2d 219.

On the merits, the lower court held that the respondent did not intentionally or otherwise usurp the trade name "Food Fair" in its adoption and use thereof, and that it was entitled to the exclusive use of that name in the Washington metropolitan area, as defined by the Court in its judgment. (R. 48, 54) On appeal the findings of fact were found to be "amply justified by the evidence." (R. 400)

The District Court made an additional finding that even assuming petitioner had any right with respect to the name in the Washington area it would be barred from asserting such right by its failure to make timely objection to respondent's use and because of petitioner's long acquiescence therein when it first learned of respondent's adoption of the name a few days after respondent opened its first store in 1936. Petitioner wrote a letter to respondent threatening suit in April 1936 which letter was answered by respondent challenging petitioner's asserted right. From that date until the filing of the suit in March 1948, petitioner did nothing regarding enforcement of its alleged right. In addition to doing nothing to protect itself, petitioner, when it opened such stores of its own in the Washington metropolitan area, used an entirely different name of "Food Lane." (R. 48, 49, 53) The Court of Appeals Below (see note 2 of the opinion (R. 399) found it unnecessary to pass on the validity of this ground of dismissal as it was affirming on the merits.

In its petition filed in this Court petitioner does not question the validity or evidentiary support of the factual findings of both of the lower courts.

ARGUMENT I

The Rights of the Parties in the Three Jurisdictions Involved in the Injunction Was Determined by the Lower Court With Reference to the Proper Law.

The jurisdiction of the lower court was invoked by the petitioner when it filed its original complaint. Throughout the proceedings the petitioner considered the Washington metropolitan area to be one integrated community for purposes of establishing the right to the use of the name "Food Fair." It was on appeal when petitioner for the first time asserted a different theory and sought to divide the metropolitan area into different units governed strictly by state boundaries.

Thus on appeal the court below was careful to note (note 7 of opinion, R. 402) the following:

> "Appellant did not contend for separate consideration of the District and the adjacent areas in the court below. On the contrary, it agreed to stipulate 'that the Metropolitan area of Washington includes surrounding counties in Maryland and Virginia.' This agreement was evidently intended to govern the disposition of the case. Moreover, the testimony of appellant's Executive Vice-President abundantly recognized the necessity of treating Metropolitan Washington as a unit. See note 9, infra."

As was clearly stated by petitioner's principal witness, to have dissected the metropolitan area, as petitioner now suggests, would have created utter confusion amongst the consuming public in the area and have destroyed the use of the name for both parties, which would have been a destruction of respondent's property rights. (Note 9, opinion of court below. R. 403)

The court below in treating the metropolitan area as a unit did not disregard the laws or rules of any of the jurisdictions involved, as petitioner would have this Court

believe. The parties to this litigation did not treat this area only as "a convenient designation of the portions of three jurisdictions in each of which the parties each claimed the exclusive right to use the trade name 'Food Fair'." (page 4 of Petition)

Petitioner in the court below sought to establish its exclusive right to the use of the name in all jurisdictions because it claimed to have the right to that name by reason of its prior use in Baltimore. Throughout it treated the metropolitan area as a legal unit rather than as a unit of convenient designation. It was only after petitioner lost in the District Court, on facts which it does not dispute, that it changed its theory on appeal in order to salvage for itself some part of the area. A losing party cannot change its theory on appeal to gain reversal. *Virginian Railway Co.* v. *Mullens,* 271 U.S. 220, 227. *United States* v. *Shapiro, Inc.,* 202 F. 2nd 494 (App. D.C.). Moreover, under the theory now advanced, petitioner does not, nor can it, explain away the testimony of its Executive Vice-President that both parties cannot use the same name in the metropolitan area and continue in business. (R. 97)

In the trial court petitioner even took the position that for their purposes the District of Columbia was included in the same trading area as Baltimore. It made no fine distinction between the District of Columbia and the surrounding counties but considered them as one. (R. 55, 56, 127, 170)

Petitioner is in error in stating to this Court that the court below affirmed the judgment of the District Court without giving consideration either to the law of Maryland or to the law of Virginia. In quoting in its petition from the opinion petitioner fails to include the more significant statements of the Court. Thus the court below, in disposing of petitioner's contention that petitioner

should have been granted the exclusive use of the name in the Maryland portion of the metropolitan area, even though it might not have been entitled to its use in the District of Columbia, refused to follow the dictum of Mr. Justice Holmes in a concurring opinion in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, to the effect that rights and trade marks are state wide. The Court stated as follows:

> "But Mr. Justice Holmes' view has not found general acceptance, and *we have no basis for thinking that it represents the law in the states bordering on the District of Columbia.*" (Italics supplied) (R. 401)

How, then, can it be said that the court below disregarded the laws of Maryland and Virginia? Petitioner did not in the court below and has not in this Court pointed to any statute or decision of either Maryland or Virginia which would indicate, or even suggest, that petitioner was entitled to the use of the name in the counties adjacent to the District of Columbia as against the superior right to the use of that name by the respondent.

In the absence of a specific statute or other decision of either Maryland or Virginia, and respondent knows of none, and petitioner has cited none, the court below properly based its decision in this case on applicable common law principles. In *Hanover Star Milling Co.* v. *Metcalf*, supra, at page 411, this Court held that where it does not appear that there is in any of the states in question any peculiar local rule arising from statute or decision, the case "must be decided according to common law principles of general application."

Not having brought itself within any peculiar local rule petitioner cannot complain that the Court improperly followed general principles of the common law. As this Court said in the note to *Kellogg Co.* v. *National Biscuit*

Co., 305 U.S. 111, 113, no claim in this case has been made that the local law is any different from the general law on the subject, and both parties have relied heavily on federal precedents. See also *Skinner Manufacturing Co.* v. *General Foods Sales Co.*, 52 F. Supp. 432, 439-440. *Aff'd.* 143 F. 2nd. 895.

Food Fair Stores Inc. v. *Food Fair Inc.*, 177 F. 2nd 177 (1st Cir.) and *Katz Drug Co.* v. *Katz*, 188 F. 2nd 696, (8th Cir.), relied upon by petitioner, are not in conflict with the decision of the court below. In both of the cited cases only one jurisdiction is involved. In the *Katz* case the Court in fact rested its decision on consideration of federal cases in general, in the absence of a local state rule. The court below in the present case did exactly that. In the *Food Fair Stores Inc.* case, which is readily and clearly distinguishable from the present case on the facts, the Court applied a specific Massachusetts statute. No such statute exists in the present case.

In neither of the cases relied upon by petitioner did the Court state that general law can be applied *only* if it "affirmatively" appears that there is no applicable state statutes or decisions, as petitioner contends. Moreover, and as a matter of fact, the court below specifically stated that it had no basis to believe that the law of either Virginia or Maryland dictated a decision different than that rendered. If affirmative showing need be made then it can be said that the lower court made such a showing. But more important petitioner has made no attempt to refute the lower court's statement or to present to this Court statutes or decisions indicating error on the part of the lower court in applying general common law principles.

This Court on numerous occasions has held that the burden of showing error in a judgment which a petitioner seeks to set aside is upon such petitioner. *Higgins*

v. *Carr Brothers Co.,* 317 U.S. 572. Error will never be presumed but must be affirmatively shown. *Townsend* v. *Jemison,* 48 U.S. (7 How.) 706.

The first question presented by the petition therefore is clearly without merit and involves no special or important reason for granting a writ, as provided by Rule 38 of the Rules of this Court.

ARGUMENT II

The Fact That Petitioner Was the First to Use the Trade Name in Maryland Gives Petitioner No Exclusive Right to the Use of the Name Throughout the State.

Respondent respectfully submits that disposition of the first question presented by the petition completely disposes of the second question. The decision of the lower court in granting to respondent exclusive right to the name "Food Fair" in the Washington metropolitan area, being based on general common law principles governing unfair competition cases, is factually sound and valid. As heretofore indicated petitioner raises no issue with respect to the facts. Based on such facts the court below could render no decision other than as it did, without creating absurdities and gross confusion.

The court below held in accordance with established federal decisions that petitioner was not entitled to the use of the name "Food Fair" in that part of Maryland which is included in the Washington metropolitan area merely because it was the first to use the name in that state.

The case of *Katz Drug Co.* v. *Katz,* 188 F. 2nd 696, (8th Cir.) so strongly relied upon by petitioner is direct authority in support of the lower court's decision. In that case it was held that defendant, the first user of the name in the state of Missouri, was not entitled as against

the plaintiff to the exclusive use of the name in that state even though concededly he was the first user. Respondent is at a loss to understand how petitioner derives support from the *Katz* case as the lower court specifically relied upon it in support of its position.

A case directly in point and directly contrary to petitioner's contention is *Chapin Sacks Mfg. Co.* v. *Hendler Creamery Company,* 254 Fed. 553 (4th Cir.). This case arose out of a territorial dispute between Washington and Baltimore firms using the same trade names. On a complaint brought in the Federal District Court in Maryland the Circuit Court of Appeals for the Fourth Circuit divided the territory within the state of Maryland between the parties without regard to state lines. The Court granted the plaintiff protection in the use of its name in certain parts of Maryland, although the defendant was the first to use the name in that state by reason of its prior adoption in Baltimore.

The *Chapin Sacks* case not only stands for the proposition that the State of Maryland can be divided by different users of the same trade name in accordance with the equities found to exist but also represents affirmative case authority in support of the lower court's decision with respect to the law of Maryland and is contradictory of petitioner's position on the first question.

In *Jacobs* v. *Iodent Chemical Co.,* 41 F. 2d 637 (3rd Cir.), the plaintiff, who operated a retail drug store in Paterson, New Jersey, adopted the word "Iodent" for toothpaste in 1917. Subsequently defendant adopted the word "Iodent" for its toothpaste sold in Detroit, and thereafter extended its business throughout the United States, including the whole of the State of New Jersey, with the exception of the City of Paterson. Plaintiff, on the basis of his prior adoption in Paterson, claimed the exclusive right to the use of the mark in the whole State

of New Jersey. The court held that plaintiff was entitled to the use of the mark only in Paterson and not the entire state. Even though he was the first user in that state he had not developed trade throughout the state and had not occupied that area. The court relied on the undisputed doctrine of the *Hanover* case *supra,* namely that there is no property in a trademark except as an incident to a business, and where one fails "by efforts which are reasonable in time and extent to project his business and the accompanying mark into the (new) territory, he cannot by reason of the mere fact of ownership pre-empt that territory forever."

Like the federal courts, the state courts have divided markets within a state. See *Kafafian* v. *Spotless Stores of N. J.,* 141 N.J. Eq. 305, 57 A 2d 18 and *Hartman* v. *Cohn,* 350 Pa. 41, 38 Atl. 2d 22.

The rule announced by the *Hanover* case, supra, and apparently relied upon by the petitioner, as appears from page 6 of its petition, supports the decision of the court below. As pointed out by the court in the *Chapin Sacks* case, *supra,* in applying the rule of the *Hanover* case, that with respect to a trade name used in connection with a food product, a convenience article, Baltimore and Washington are different marketing areas and a senior adopter in Baltimore may have no rights as against a junior adopter in the same state in an area adjacent to Washington.

Petitioner repeatedly refers to the fact that petitioner and respondent are using the same trade name in the same marketing area and that based upon that fact the Court improperly applied the rule of the *Hanover* case. Thus petitioner states "It was not controverted either in the District Court or in the court below that the petitioner in this case first used the trade name 'Food Fair' in Prince Georges County, State of Maryland, approximately

three years before the respondent opened its first store anywhere in the State of Maryland." (page 7 of Petition)

This statement is not only erroneous but in direct contradiction of the facts found by the court below and conceded by the petitioner. The uncontroverted fact is that petitioner has never used the trade name "Food Fair" in Prince Georges County. When it opened its stores in that county it deliberately used the name "Food Lane" because, as its Executive Vice-President stated, to have used the name "Food Fair" there would have confused the public with respondent's stores. (R. 208).

It is respectfully submitted that a correct factual statement by petitioner must of necessity destroy the foundation upon which it attempts to persuade this Honorable Court of error by the lower court. Based upon the facts as they have been found there can be no dispute with the application of the law.

Petitioner complains of the economic approach taken by the court below in treating the metropolitan area as one unit. It is true that the Court treated the area in accordance with "the economic reality of the situation" but it is also true that the economic reality is consistent with the legalistic approach, for in an unfair competition case where the Court is striving to ascertain the rights of parties in relation to the public and amongst themselves, the identity of a marketing area must be determined realistically, for otherwise there would be no adequate disposition of the respective rights of all parties involved.

CONCLUSION

Respondent respectfully submits that the petition for a writ of certiorari presents no substantial question of such importance to warrant review of the decision of the lower court. The litigation herein involved has been pending for almost six years. The opinion of the court below adequately disposes of all issues raised by this litigation and respondent submits that the writ be denied.

Respectfully submitted,

BERNARD MARGOLIUS
1000 Vermont Ave., N.W.
Washington, D. C.

JOSEPH B. DANZANSKY
1406 G Street, N.W.
Washington, D. C.

CARLETON U. EDWARDS II
1000 Vermont Ave., N.W.
Washington, D. C.
Attorneys for Respondent